

## Company update

**BUY** (Unchanged)

**Target: € 1.6** (prev. € 1.75)

Risk: High

### STOCK DATA

Price €	1.2
Bloomberg code	DEA IM
Market Cap. (€ mn)	372
Free Float	37%
Shares Out. (mn)	306.6
52-week range	1.2 - 1.5
Daily Volumes (mn)	0.37

PERFORMANCE	1M	3M	12M
Absolute	-2.5%	-13.4%	-15.8%
Rel. to FTSE all shares	-1.3%	-11.7%	-30.9%

MAIN METRICS	2012	2013E	2014E
EPS - € cents	-9.6	-2.1	0.2
DPS ord - € cents	0.0	0.0	0.0

NAV	2012	2013E	2014E
Nav (Equita) ps ord - €	2.2	1.9	1.9
Nav (Reported) ps ord - €	2.63	2.30	2.30
BVPS - € cents	2.36	2.34	2.34

MULTIPLES	2012	2013E	2014E
P/NAV (Equita)	0.6 x	0.6 x	0.6 x
P/NAV Reported	0.5 x	0.5 x	0.5 x
P/BV	0.6 x	0.5 x	0.5 x

INDEBTNESS	2012	2013E	2014E
NFP	-124	-123	-114
Debt to assets ratio	0.1 x	0.2 x	0.2 x
D/E	0.1 x	0.1 x	0.1 x

### PRICE ORD LAST 365 DAYS



### ANALYSTS

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# 30

## GDS: PSYCHIATRY SOLD – EXIT IS NOW MORE LIKELY

Two events took place following the 3Q results publication: 1) GDS sold the Psychiatry division: the refinancing risk has now reduced and DEA's exit is now more likely, 2) A political turmoil broke out in Turkey: Migros -12% YTD, making its short-term disposal more unlikely. Tgt reduced by 9% to €1.6 PS mainly as a result of Migros' market price drop. BUY confirmed: (1) Potential upside in case of exit from GDS and (2) High discount on NAV (36%).

### ■ GDS (28% - NAV): Psychiatry sold, exit is now more likely

GDS finalized the sale of its psychiatric unit to Ramsay Health Care for an equity value of ~€145 mn. We believe the operation to be positive in light of:

- **Appealing valuation:** EV/EBITDA=~9x, that it is well above the GDS' one: 2014 EV/EBITDA=~6.5x;
- **Deleverage & Easier Refinancing:** through this disposal, GDS accelerated its deleverage reducing its NFP/EBITDA ratio (to ~2.8x from ~3.1x on 2014) and allowing for an easier refinancing at Santè/GDS.

We now believe the exit of GDS to be more likely in the short term:

- The disposal of the psychiatric unit has made this asset more appealing for potential buyers, as the issue of the company's high indebtedness is no longer as compelling;
- Starting from Jan-2014, Santè shareholders are no longer be bound in case they wish to exit from GDS.

### ■ Migros (20% - NAV): Political instability is hitting hard

Migros reported a sound and better than expected 3Q at operating level (i.e Ebitda +10.3% at TL 136.5 mn vs TL 124.5 mn exp). The medium-term outlook is still appealing. However, the spotlight is now on the tough political/macroeconomic situation for the following reasons:

- The investigations on corruption, undermining the solidity of Mr Erdogan's government;
- The US Fed tapering.

The stock has lost 19% since the turmoil started (mid-December) and TRY depreciated by 10% against the euro. This difficult scenario prompts us to believe that Migros' disposal will be pretty unlikely in the short term.

### ■ Target cut by 9% to 1.6 incorporating Migros' depreciation

NAV to €1.9 from €2.1 mainly as a result of Migros' price drop and TRY's depreciation versus EUR. Target at €1.6 PS from €1.75 PS applying a 15% discount on NAV.

### ■ Focus on the exit from GDS

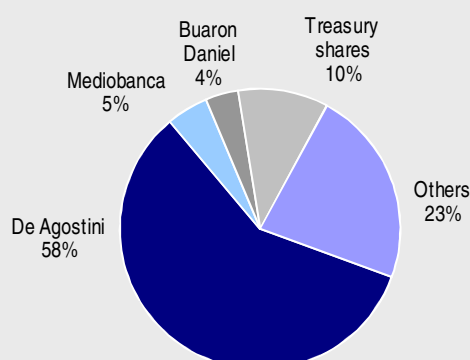
We reiterate our positive view on the stock in light of:

- **Potential upside in case of exit from GDS:** the exit from GDS would enable DEA to repay its debt in Santè (and to return money to shareholders) removing a significant issue weighing on its equity story;
- **High discount on Equita NAV:** ~36% and its **exposure to defensive sectors:** At current prices, the market is pricing only the AAM division (avg. 13-15 Net Income = €16 mn) and the stakes in PE funds (equal to Migros and GDS for free);
- **Focus on alternative asset management:** we estimate Alternative AM's contribution to 2013E pre-tax to be approx. €35mn.

MAIN FIGURES € mn	2010	2011	2012	2013E	2014E	2015E
AM Commissions	27.8	47.8	82.0	79.2	76.6	77.9
Profit (Loss) on equity	-15.5	-55.5	-18.4	-16.1	-6.0	-6.0
Other investment income (charges)	-3.4	13.5	-7.9	0.5	0.0	0.0
Other income	10.5	10.7	12.5	18.5	16.3	16.0
Other expenses	-36.8	-51.4	-81.3	-72.6	-70.2	-66.1
<b>Tot. Income &amp; exp.</b>	<b>-17.3</b>	<b>-34.9</b>	<b>-13.1</b>	<b>9.4</b>	<b>16.7</b>	<b>21.9</b>
Growth	n.m.	n.m.	n.m.	n.m.	77%	31%
Financial Income	-4.6	-2.8	-6.8	-0.9	-0.9	-0.9
<b>Profit before tax</b>	<b>-22.0</b>	<b>-37.7</b>	<b>-19.8</b>	<b>8.5</b>	<b>15.8</b>	<b>21.0</b>
Growth	n.m.	n.m.	n.m.	n.m.	85%	33%
Results from Discontinued op	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.9	-2.1	-8.1	-5.0	-5.5	-6.8
<b>Net Income</b>	<b>-26.3</b>	<b>-43.6</b>	<b>-26.3</b>	<b>-5.9</b>	<b>0.5</b>	<b>2.2</b>
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	382%
<b>Net income adjusted</b>	<b>-26.3</b>	<b>-43.6</b>	<b>-26.3</b>	<b>-5.9</b>	<b>0.5</b>	<b>2.2</b>
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	382%
SHARE DATA	2010	2011	2012	2013E	2014E	2015E
Nav (Reported) ps ord - €	2.60	2.60	2.63	2.30	2.30	2.30
Nav (Equita) ps ord - €	2.0	2.1	2.2	1.9	1.9	1.9
EPS - € cents	-8.8	-15.5	-9.6	-2.1	0.2	0.8
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	382%
Adj. EPS - € cents	-9.1	-15.1	-9.6	-2.1	0.2	0.8
Growth	n.m.	n.m.	n.m.	n.m.	n.m.	382%
DPS ord - € cents	0.00	0.00	0.00	0.00	0.00	0.00
MARKET RATIOS	2010	2011	2012	2013E	2014E	2015E
P/NAV Reported	0.44 x	0.49 x	0.50 x	0.53 x	0.53 x	0.53 x
P/NAV (Equita)	0.57 x	0.61 x	0.62 x	0.64 x	0.64 x	0.64 x
P/BV	0.5 x	0.6 x	0.6 x	0.5 x	0.5 x	0.5 x
P/E	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/E Adj	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
REMUNERATION	2010	2011	2012	2013E	2014E	2015E
Div. Yield ord	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	-3.4%	-6.5%	-3.6%	-0.8%	0.1%	0.3%
INDEBTNESS - €mn	2010	2011	2012	2013E	2014E	2015E
NFP	-20.4	-102.5	-123.6	-122.6	-114.3	-106.8
Holding system NFP	20.9	-40.7	-113.5	-144.5	-136.1	-128.6
Debt to assets ratio	n.m.	0.07	14.6%	20.0%	18.8%	17.8%
D/E	0.03	0.13	14.4%	14.5%	13.5%	12.6%

Source: company data and EQUITA SIM estimate

## SHAREHOLDER STRUCTURE - 2013



**MIGROS**



## BUSINESS DESCRIPTION

Dea Capital (DEA) is a STAR listed investment company which started-up in 2007 through the takeover of a listed entity – CdB Web Tech – by the De Agostini Family.

The company is a best-in class player in Italian PE, focusing on 2 areas:

- **Private Equity Investments:**
  - **Direct investments in the services sector** (healthcare, retail, and financial services) **in Europe mainly via stakes in one of the main Turkish food retailer Migros** and in the leader in private healthcare in France, **Générale de Santé**;
  - **Indirect investments** in private equity funds, funds of funds, and venture capital funds.
- **Alternative asset management (27% of NAV): circa €10bn of AUM** between real estate funds (€ 9.5 bn – through Idea Fimit) and PE funds (€ 1.2 bn – through Idea Capital Funds), which assure stable cash flow generation (around €90mn of revenues and €17mn of net income in 2012 including the contribution of IRE which operates in project, property and facility management). Idea Fimit e Idea Capital Funds are leaders in their respective industries.

The **De Agostini Group** is the **main shareholder** of DEA Capital, with a 58.3% stake, followed by Mediobanca with 4.8% and Daniel Buaron with 3.8%. The De Agostini Group is owned by the Boroli and Drago families and is active in many industries (i.e Publishing, Media & Communications, Gaming and Financials).

DEA Capital is characterised by its exposure to typically defensive sectors: around 60-70% of its NAV pertains to the following sectors:

- Healthcare (**Générale de Santé**);
- Food&Beverage (**Migros**);
- Asset Management (**Idea Fimit e Idea Capital Funds**).

DEA Capital's main goal in the short to medium term is to finally exit from direct investments in PE (i.e Migros and GDS). This would enable the company:

- To give more visibility to the P&L of its Alternative Asset Management activities (~€90 mn revenues) in order to gradually reduce the discount on the NAV;
- To consider dividend pay-out.

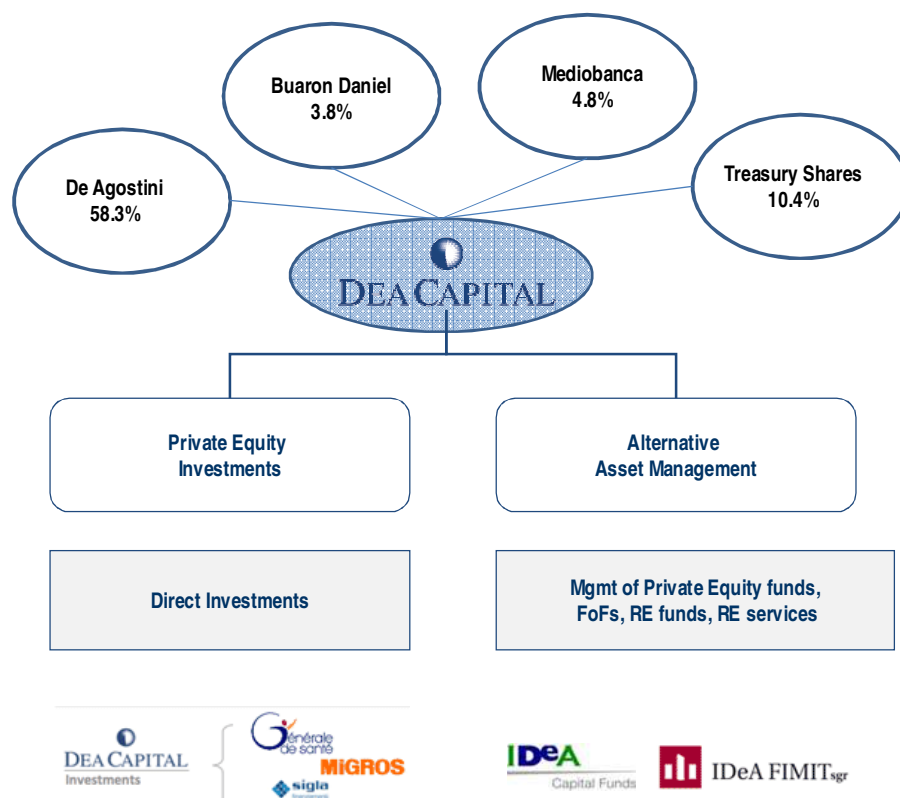
In our opinion, future challenges are the following:

- **To Exit from from PE investments** with reasonable valuations and in the short-medium terms;
- **Idea Fimit:** to focus on domestic consolidation and to gradual start-up of international business;
- **Idea Capital Funds:** to launch new funds to enrich offer: thematic funds, managed account.

Strengths / Opportunities	Weaknesses / Threats
<ul style="list-style-type: none"> <li>• Exposure to defensive sectors</li> <li>• Sound holding-system financial structure</li> <li>• Focus on Alternative Asset Management</li> <li>• Experienced management</li> </ul>	<ul style="list-style-type: none"> <li>• Volatile macroeconomic environment in Turkey</li> <li>• High financial leverage in GDS</li> <li>• Potential write-downs in PE/RE businesses</li> </ul>

**VALUATION: TGT. PRICE TO € 1.6 PS FROM € 1.75 PS MAINLY FOR MIGROS  
DEVALUATION. DISCOUNT TO OUR NAV @ 36%**

**DEA CAPITAL: GROUP STRUCTURE**



Source: Equita SIM

**DEA CAPITAL: NAV (@ target price)**

Asset	Sector	Stake %	Shares (mn)	PS	€ mn	%	Valuation method
Santé (Générale de Santé)	Healthcare	43.0%		€ 15.4	155	28%	Equity - Avg.DCF & Multiple (7x 2014 EBITDA)
Migros Turk (via Kenan)	Food retail	13.7%	24.4	TRL 14.2	112	20%	Market Price
Dea Capital	Treasury shares	10.6%	32.6	€ 1.2	40	7%	Market Price
<b>TOTAL LISTED SHAREHOLDINGS (1)</b>					<b>307</b>	<b>55%</b>	
Idea-Fimit	Real Estate Asset	64.3%			149	27%	P/E 14E 11.5x - P/AUM 2.5%
Sigla	Consumer credit	41.0%			12	2%	P/BV 9M13 1x
IdeA Capital Funds SGR	Altern. Asset Mgmt	100.0%			46	8%	P/E 14E ~10x - P/AUM 3.5%
PE funds and Fund of Funds	Funds	n.m.			189	34%	Book Value 9M13
Innovation Real Estate	Funds	n.m.			18	3%	P/E 2013E 6x
Other investments*	-	n.m.			2	0%	Book Value 9M13
<b>TOTAL UNLISTED SHAREHOLDINGS (2)</b>					<b>416</b>	<b>74%</b>	
<b>ATTRIBUTABLE NET CASH / (DEBT) + HLD SEVERANCE INDEMNITY (3)</b>					-144	-26%	Pro-forma as today
<b>CAPITALISED HOLDING COSTS (4)</b>					-29	-5%	Perpetuity @ 10% net of tax effect
<b>TAXES / TAX CREDITS (5)</b>					10	2%	5yr PV of tax loss carryforwards
<b>STOCK OPTIONS DILUTION (6)</b>					0	0%	
<b>TOTAL NAV (1+2+3+4+5+6)</b>					<b>560</b>	<b>100%</b>	
<b>TOTAL NAV ex treasury shares</b>					<b>521</b>		
Nr. Shares (mn)					306.6		
Nr. Shares (mn) ex treasury shares					274.0		
<b>NAV per share</b>					<b>1.9</b>		
Current discount / (premium)					36%		
<b>P/NAV</b>					<b>0.64</b>		

Source: company data and EQUITA SIM estimates

NAV REVISION (€ mn)				
Asset	Previous € mn	Current € mn	Change %	Change abs
Santé (Générale de Santé)	152	155	2%	3
Kenan (Migros Turk)	150	112	-25%	-38
Dea Capital	42	40	-6%	-2
<b>TOTAL LISTED SHAREHOLDINGS (1)</b>	<b>344</b>	<b>307</b>	<b>-11%</b>	<b>-37</b>
Idea-Fimit	161	149	-7%	-12
Sigla	12	12	-1%	0
IdeA Capital Funds SGR	50	46	-8%	-4
PE funds and Fund of Funds	189	189	0%	0
Innovation Real Estate	12	18	50%	6
Other investments*	2	2	-25%	-1
<b>TOTAL UNLISTED SHAREHOLDINGS (2)</b>	<b>426</b>	<b>416</b>	<b>-2%</b>	<b>-10</b>
<b>ATTRIBUTABLE NET CASH / (DEBT) + HLD SEVERANCE INDEMNITY (3)</b>	<b>-145</b>	<b>-144</b>	<b>-1%</b>	<b>1</b>
<b>CAPITALISED HOLDING COSTS (4)</b>	<b>-29</b>	<b>-29</b>	<b>1%</b>	<b>0</b>
<b>TAXES / TAX CREDITS (5)</b>	<b>10</b>	<b>10</b>	<b>-3%</b>	<b>0</b>
<b>STOCK OPTIONS DILUTION (6)</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>
<b>TOTAL (1+2+3+4+5+6)</b>	<b>606</b>	<b>560</b>	<b>-8%</b>	<b>-46</b>
<b>TOTAL NAV ex treasury shares</b>	<b>564</b>	<b>521</b>		<b>-43</b>
Nr. Shares (mn)	306.6	306.6		
Nr. Shares (mn) ex treasury shares	274.0	274.0		
<b>NAV per share</b>	<b>2.1</b>	<b>1.9</b>	<b>-7.7%</b>	<b>-0.1</b>
Current discount / (premium)	41%	36%		
<b>P/NAV</b>	<b>0.59</b>	<b>0.64</b>		

Source: EQUITA SIM estimates

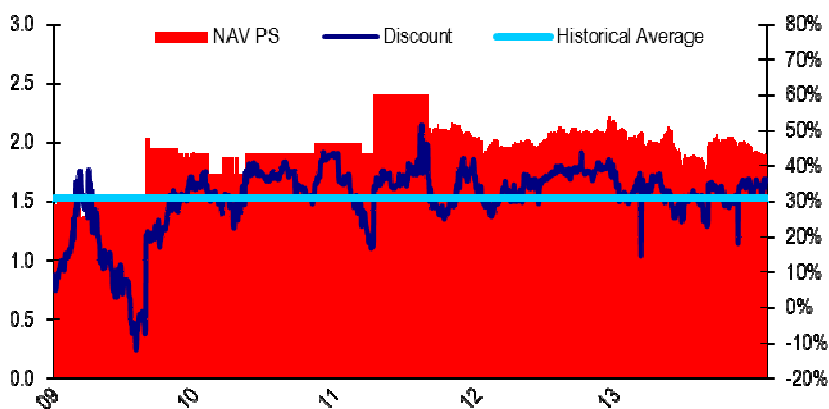
We lower our target price to €1.6 PS from €1.75 PS mainly factoring in the following:

- Migros' lower market value and TRY's depreciation against the euro (please see pag. 14 for a more detailed description);
- A lower value attached to Idea Fimit and Idea Capital Funds following more conservative estimates on the AUM development front.

In setting our target price we continue to apply a 15% discount to NAV data in light of:

- Low % of NAV reported on the market;
- Strong financials of the Holding;
- Speculative appeal of the interest in GDS.

#### DEA HISTORICAL DISCOUNT TO NAV



Source: Equita SIM

## DEA CAPITAL: EQUITA VS REPORTED NAV (9M13)

Asset	Sector	Stake %	Target Price € mn	Book value € mn
Santé (Générale de Santé)	Healthcare	43%	155	223
Kenan (Migros Turk)	Food retail	14%	112	152
Dea Capital	Treasury shares	10.6%	40	40
<b>TOTAL LISTED SHAREHOLDINGS (1)</b>			<b>307</b>	<b>415</b>
Idea-Fimit	Real Estate Asset Management	64.3%	149	172
Sigla	Consumer credit	41.0%	12	13
IdeA Capital Funds SGR	Alternative Asset Management	100.0%	46	52
PE funds and Fund of Funds	Funds	n.m.	189	189
Innovation Real Estate	Funds	n.m.	18	5
Other investments*	-	n.m.	2	0
<b>TOTAL UNLISTED SHAREHOLDINGS (2)</b>			<b>416</b>	<b>432</b>
<b>ATTRIBUTABLE NET CASH / (DEBT) + HLD SEVERANCE INDEMNITY (3)</b>			<b>-144</b>	<b>-144</b>
<b>CAPITALISED HOLDING COSTS (4)</b>			<b>-29</b>	<b>0</b>
<b>TAXES / TAX CREDITS (5)</b>			<b>10</b>	<b>0</b>
<b>STOCK OPTIONS DILUTION (6)</b>			<b>0</b>	<b>0</b>
<b>TOTAL NAV (1+2+3+4+5+6)</b>			<b>560</b>	<b>703</b>
<b>TOTAL NAV ex treasury shares</b>			<b>521</b>	<b>664</b>
Nr. Shares (mn)			306.6	306.6
Nr. Shares (mn) ex treasury shares			274.0	274.0
<b>NAV per share</b>			<b>1.9</b>	<b>2.42</b>
Current discount / (premium)			36%	50%
<b>P/NAV</b>			<b>0.64</b>	<b>0.50</b>

Source: EQUITA SIM estimates

The tables below show the current and historical discount (premium) to NAV of the main Italian holding companies.

## ITALIAN HOLDING COMPANIES: CURRENT AND HISTORICAL NAV AND DISCOUNTS

Company	Val. method listed assets	NAV (€ PS) *										Disc. / (Prem.) to NAV									
		2006	2007	2008	2009	2010	2011	2012	2013	2014		2006	2007	2008	2009	2010	2011	2012	2013	Avg.**	2014
Astm	market price	n.a.	20.9	10.7	12.5	14.5	11.7	14.5	17.5	<b>17.5</b>		n.a.	31%	50%	23%	33%	38%	48%	36%	37%	<b>38%</b>
Camfin	(1) market price	1.79	2.37	0.49	0.65	0.56	0.56	0.90	1.02	<b>1.42</b>		20%	40%	40%	54%	34%	58%	39%	n.a.	36%	-
Cir	market price	3.05	3.28	2.15	2.50	2.18	2.20	1.75	1.85	<b>1.76</b>		18%	24%	65%	30%	36%	44%	54%	38%	37%	<b>40%</b>
Cofide	see through	1.52	1.64	1.03	1.21	1.06	1.08	0.81	0.87	<b>0.83</b>		28%	35%	68%	48%	38%	49%	51%	38%	43%	<b>34%</b>
Dea capital	market price	2.61	2.40	1.64	1.88	1.99	2.10	2.15	2.08	<b>1.89</b>		-8%	10%	22%	33%	43%	39%	38%	38%	27%	<b>36%</b>
Exor ord.	(2) market price	8.2	9.2	15.9	25.2	36.6	25.8	31.8	33.0	<b>35.1</b>		25%	28%	50%	48%	36%	42%	40%	16%	35%	<b>19%</b>
Immsi	market price	2.88	2.12	1.16	1.57	1.86	1.30	0.87	0.86	<b>0.83</b>		25%	35%	40%	47%	55%	56%	50%	45%	44%	<b>39%</b>
Italmobiliare	(3) market price	122.3	93.1	53.1	56.4	42.3	36.8	25.8	34.1	<b>38.3</b>		36%	32%	49%	47%	41%	61%	53%	29%	43%	<b>28%</b>
Mediobanca	(4) market price	17.4	16.4	14.3	11.1	10.1	7.9	6.0	8.0	<b>7.7</b>		13%	10%	40%	36%	35%	15%	32%	14%	23%	<b>14%</b>
Mittel	market price	n.a.	5.0	4.5	5.0	4.2	3.3	3.3	3.4	<b>3.4</b>		n.a.	-5%	49%	27%	20%	51%	61%	49%	36%	<b>51%</b>
Vianini Lavori	market price	n.a.	13.44	10.86	11.22	11.32	8.29	7.69	11.63	<b>11.86</b>		n.a.	n.a.	63%	58%	65%	60%	60%	56%	61%	<b>58%</b>
<b>AVERAGE</b>												<b>20%</b>	<b>24%</b>	<b>49%</b>	<b>41%</b>	<b>40%</b>	<b>47%</b>	<b>48%</b>	<b>36%</b>	<b>38%</b>	<b>36%</b>

(1) see-through until 2009; at market price starting from 2010

(2) IFIL ord. until 2007 (assuming total n. shares ord+sav), EXOR ord. (IFIL+IFI) since merger announcement (Sep-08)

(3) adj. number shares: before Nov-07 based on market discount; after Nov-07 applying avg. between 3-month and market discounts

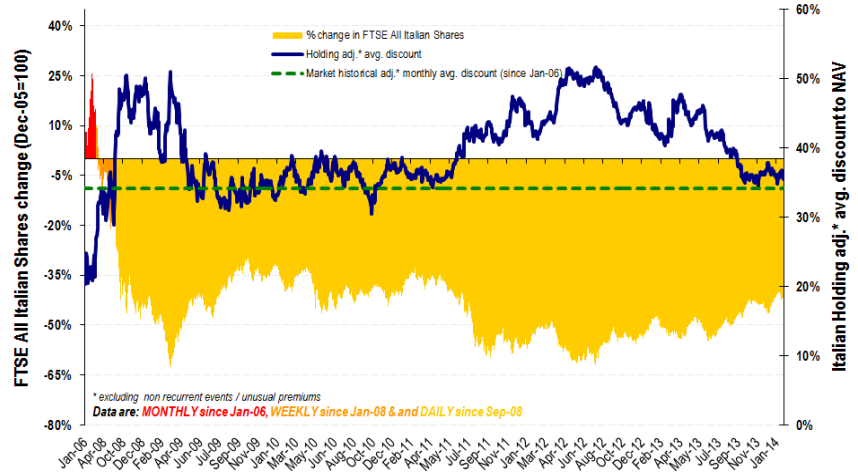
(4) year-end: June

\* based on estimated year-end net debt and listed assets valued at December avg. market price

\*\* historical 9-year arithmetical average (2004-12 when available)

Source: EQUITA SIM estimates

## ITALIAN HOLDING ADJ. AVERAGE DISCOUNT TREND



Source: Equita SIM estimates

## SECTOR PERFORMANCE

DEA stock is down 17% 1-Year, significantly underperforming the LPX Europe Private Equity index and the Ftse Italy All-share index.

We think this is caused by the Migros weak performance (-31%) because of social/political tension in Turkey and the depreciation of the Turkish lira against the euro (which went up from 2.35 TL/€ at the end of 2012 to the current 3.07). This more than offset the positive performance of GDS (+30%) driven by the on-going deleverage process.

## DEA: STOCK PRICE PERFORMANCE



Source: Bloomberg



## ITALIAN HOLDING COMPANIES: STOCK PERFORMANCE

Company	DESCRIPTION			PERFORMANCE				
	Currency	Price	Mkt cap (€ mn)	1 m	3 m	6 m	1 y	YTD
ASTM SPA	EUR	10.8	942	-7.7	-4.5	18.9	35.4	-6.9
CIR SPA	EUR	1.1	838	-10.5	-15.0	4.5	28.3	-7.7
COFIDE SPA	EUR	0.5	388	-4.3	-7.8	14.9	33.0	-3.5
DEA CAPITAL SPA	EUR	1.2	369	-3.1	-13.9	-8.0	-16.3	-5.1
EXOR	EUR	27.7	6,828	-7.0	-6.0	11.1	31.6	-4.1
IMMSI SPA	EUR	0.5	170	5.6	9.1	16.8	-10.6	7.2
ITALMOBILIARE	EUR	27.6	865	10.1	14.7	49.2	94.9	12.6
MEDIOBANCA	EUR	6.5	5,593	1.8	-1.4	34.4	27.9	2.1
CAM FINANZIARA	EUR	5.0	218	-0.4	13.7	45.6	44.6	-3.7
TAMBURI INVESTME	EUR	1.7	145	-2.4	-16.6	-3.2	20.8	-4.9
VIANINI LAVORI	EUR	10.8	942	-7.7	-4.5	18.9	35.4	-6.9
MITTEL SPA	EUR	1.1	838	-10.5	-15.0	4.5	28.3	-7.7
<b>Average</b>				<b>-1.8</b>	<b>-2.8</b>	<b>18.4</b>	<b>29.0</b>	<b>-1.4</b>
<b>Median</b>				<b>-2.7</b>	<b>-5.2</b>	<b>15.8</b>	<b>30.0</b>	<b>-3.9</b>

Source: EQUITA SIM estimates

## EUROPEAN PRIVATE EQUITY AND INVESTMENT COMPANIES: PERFORMANCE AND DISCOUNT TO REPORTED NAV

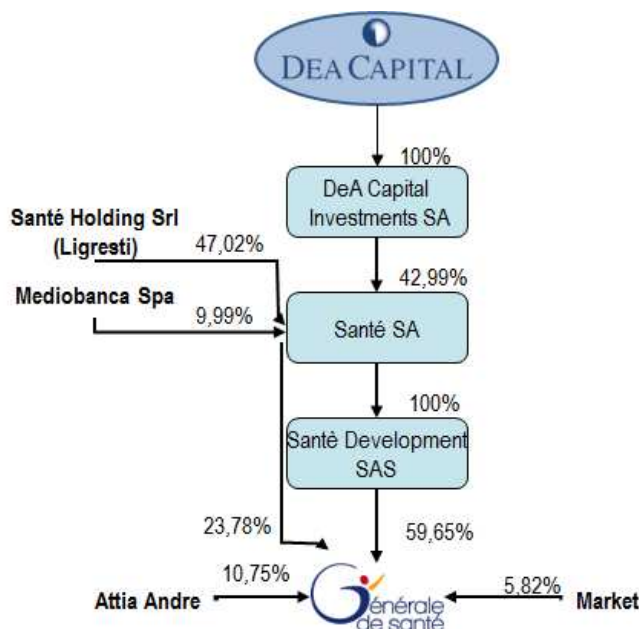
Company	DESCRIPTION			PERFORMANCE				NAV		
	Currency	Price	Mkt cap (€ mn)	1 m	3 m	6 m	1 y	NAV PS (Reported)	Discount (Premium) to NAV	Last reported
DEA CAPITAL SPA	EUR	1.21	369	-3.1	-13.9	-8.0	-16.3	1.90	37%	as today
MITTEL SPA	EUR	1.66	145	-2.4	-16.6	-3.2	20.8	3.20	48%	as today
TAMBURI INVESTME	EUR	2.26	307	-2.8	-2.6	38.0	51.7	2.25	0%	as today
3I GROUP PLC	GBp	372.9	4,373	-3.3	0.5	-1.1	41.7	322	-16%	Sept. 30, 2013
CANDOVER INVEST	GBp	450.0	118	11.9	11.7	13.9	7.7	627	28%	June 30, 2013
ELECTRA PRIVATE	GBp	2,389.0	1,019	0.8	5.2	2.8	11.1	2,764	14%	Sept. 30, 2013
SVG CAPITAL PLC	GBp	419.2	1,179	-4.6	6.1	6.5	28.2	497	16%	Sept. 30, 2013
EURAZEO	EUR	52.4	3,417	-8.7	-6.5	7.1	40.3	59	12%	Sept. 30, 2013
GIMV NV	EUR	36.5	903	-3.2	-1.0	-3.7	-9.0	40	10%	Sept. 30, 2013
RATOS AB-B SHS	SEK	58.9	2,465	-0.3	4.3	2.6	-4.3	38	-55%	Sept. 30, 2013
WENDEL	EUR	98.7	4,796	-6.7	-4.6	11.8	24.0	140	30%	November 25, 2013
<b>AVERAGE</b>			<b>1,736</b>	<b>-2.0</b>	<b>-1.6</b>	<b>6.1</b>	<b>17.8</b>		<b>11.1%</b>	
<b>MEDIAN</b>			<b>1,019</b>	<b>-3.1</b>	<b>-1.0</b>	<b>2.8</b>	<b>20.8</b>		<b>13.6%</b>	
<b>AVERAGE EX RATOS</b>				<b>-2.2</b>	<b>-2.2</b>	<b>6.4</b>	<b>20.0</b>		<b>18%</b>	

Source: EQUITA SIM estimates, Bloomberg prices



**Générale de Santé (French private healthcare – 28% of our NAV)****Psychiatric assets sold: now an exit in the short-term is more likely**

DEA controls 43% of Santé, a holding company that in turn owns ~84% of Générale de Santé (GDS), a leader in private healthcare. Most of the remainder of Santé is owned by Antonio Ligresti (40%), Mediobanca (7%) and Generali (7%). DEA therefore indirectly controls 36% of GDS.

**GENERALE DE SANTE: SHAREHOLDER STRUCTURE**

Source: Equita SIM elaborations on company data \*stakes ex-treasury shares in GDS (419k treasury shares or 0.7% of capital)

**■ Psychiatric assets sold!**

At the end of 2013, Générale de Santé (GDS) finalized the sale of its psychiatric unit Medipsy to Ramsay Health Care for an equity value of ~€145 mn (EV ~€160 mn).

The parties involved were:

- **Medipsy** is one of the largest and most highly regarded private psychiatric groups in France, covering most mental health disciplines, including general psychiatry and subspecialty services dedicated to adolescent mental health care, gerontology, crisis and psychosocial services, and drug and alcohol rehabilitation Services. Medipsy has 2600 authorized beds;
- **Ramsay Health Care** is an Australian listed company (market cap = €5.6bn) which manages hospitals across Australia, the United Kingdom, France and Asia. With the Medipsy's acquisition Ramsay becomes the 3<sup>rd</sup> largest hospital operator in France by number of facilities.

After the disposal, GDS is now mostly focused on MSO (Acute Care) and SSR (Sub-Acute Care and Rehabilitation).

**GDS – NUMBER OF CLINICS**

	2011	2012	2013E
MSO	56	51	51
Psychiatry	25	26	0
SSR (Rehabilitation)	20	21	16
Radioterapy	4	4	4
Italy	1	1	1
<b>Total</b>	<b>106</b>	<b>103</b>	<b>72</b>

Source: Company data and EQUITA SIM estimates

We believe the operation positive for the following reasons:

- **Appealing valuation:** according to our calculation Medipsy generates sales of €150mn with an EBITDA of circa €18mn which imply transaction multiples (EV/Sales = ~1.1x and EV/EBITDA = ~9x) that are well above the GDS' ones (EV/Sales = ~0.7x and EV/EBITDA = ~6x);

MULTIPLE COMPARISON (2013-2014)				
	EV/Sales		EV/EBITDA	
	2013	2014	2013	2014
Medipsy – Ramsey	1.1	1.0	9.0	8.8
GDS	0.7	0.8	5.9	6.3
Avg. Sector (Nursing Home)	1.7	1.5	11.2	9.8
Avg. Sector (Core Hospitals)	2.9	2.6	15.5	14.1
Avg. Sector (US Core Hospitals)	1.3	1.1	9.0	7.2

Source: Bloomberg and Equita SIM estimates

- **Deleverage & Easier Refinancing:** with this disposal, GDS accelerated its deleverage strategy (2013 disposals at circa ~€200 mn, €162mn in 4Q) reducing its NFP/EBITDA ratio significantly (to ~2.8x from prev. ~3.1x on 2014 estimates) and allowing the refinancing at both Santè (maturities between 2015 and 2018) and GDS (expiring in October 2014) to be easier.

We estimate that some €200 mn must be refinanced/reimbursed (roughly half of the amount of A1/A2 tranches) at GDS level: we believe that Real Estate assets (circa €200 mn) could be used to facilitate this operation.

We continue to believe that DEA is trading at a high discount to NAV (36%) also due to some worries on the GDS's debt refinancing which are now reduced.

TOTAL STRUCTURE LEVERAGE (€, mn)				
	2014		2015	
	Pre-deal	Post-deal	Pre-deal	Post-deal
Santè Net Debt*	-311	-311	-311	-311
GDS Net Debt	-733.6	-579	-710.4	-561
<b>Total Structure Net Debt</b>	<b>-1045</b>	<b>-890</b>	<b>-1022</b>	<b>-872</b>
EBITDA GDS	237.7	210	245.5	219.1
Net Debt / EBITDA GDS	-3.1	-2.8	-2.9	-2.6
Net Debt / EBITDA total structure	-4.4	-4.2	-4.2	-4.0

\* Santè NFP is considered ex Junior PIK Bond and grossed-up

Source Equita SIM estimates

SANTE/SDE FINANCIAL STRUCTURE				
Name	Amount (€ mn)	Estimated Financial charges	Repayment	Maturity
Junior PIK Bond (in Santè SA)	105.0	n.a	Bullet	2018
Equity-Loan	28.0	Euribor 3M + 1000 bps	Bullet	2018
Term B+C Facility	92.0	Euribor 3M + 250 bps	Bullet	01/10/2015
Mezzanine Bonds	140.0	n.a	Bullet	01/10/2017
Revolving Credit Facility	0.0	Euribor 3M + 250 bps	Bullet	
<b>Net debt at Santè/SDE level</b>	<b>365.0</b>			
<b>Net of PIK</b>	<b>260.0</b>			
<b>Grossed-up net debt*</b>	<b>311.4</b>			

\* Santè share in GDS: 83.50%

Source: Equita SIM estimates

GDS FINANCIAL STRUCTURE (2012)				
Name	Amount (€ mn - 2012)	Financial charges	Original (2007)	Maturity
A1 + A2	371.6	2,125% + Euribor (A2: 2%)	834.8	24/10/2014
Capex	197.0	2% + Euribor	200	24/10/2014
Revolving tranche	35.0	1,875% + Euribor	50	24/10/2014
Other net borrowing (i.e Leasing)	165.5	-		24/10/2014
<b>Net debt at GDS level</b>	<b>769.1</b>			

Source: Company data

- **First step in exiting direct PE investments:** the disposal of the psychiatric business of GDS is the first step of DEA's target to exit from direct private equity investments.

### **What's next?**

We now believe the exit/disposal of GDS to be more likely and more short-term in light of the following:

- The disposal of the psychiatric unit has made this asset more appealing for potential buyers, as the issue of the company's high indebtedness is no longer as compelling;
- Starting from Jan-2014, Santè shareholders are no longer be bound in case they wish to exit from GDS.

Here are what we believe to be the most likely scenarios for the exit from GDS:

- Sale to an industrial buyer (French and/or foreign) in order to derive value from synergies;  
Aggregation with another French industrial player, with the aim of creating synergies through the aggregation of clinics, thus making the asset more appealing and improving exit conditions;
- Executing a market placement subsequently increasing free float.

Assuming a valuation for GDS in a range similar to the Medipsy deal, we could reach a possible value of some 19 euros (8x 2014 EBITDA).

EXIT VALUE SENSITIVITY (€, mn)						
Multiple	Equita	7	7.5	8	8.5	9
2014 EBITDA		210	210	210	210	210
2014 Net Debt		-579	-579	-579	-579	-579
Equity Value		891	996	1101	1206	1311
Number of shares		56.4	56.4	56.4	56.4	56.4
Price PS	15.4	15.8	17.7	19.5	21.4	23.2
DEA NAV PS	1.9	1.9	2.1	2.2	2.3	2.5

Source: Equita SIM Estimates

### **■ Estimates: incorporating the assets disposal**

We have updated our estimates after the disposal of the psychiatric business (some €150 mn in revenues and around €18 mn in EBITDA) and other clinics (some €20 mn in revenues and around €2 mn in EBITDA), meanwhile factoring in more conservative estimates as far as cost development is concerned (i.e less efficiencies). On the other hand, we have confirmed our estimates for top-line organic growth, envisaging +2% YoY in 2014/2015 and assuming volumes +2% and flat price and not expecting any tariff rise in the near future.

On the NFP front we forecast that this year might be slightly below €-600 mn and that in the next two years the company might reduce its debt by some €-15 mn p.a. To be on the safe side, our estimates do not factor in the disposal of any further clinics/assets.

CHANGE IN ESTIMATES (2013-2015)									
	2013E Prev.	2013A Curr.	Chg. Abs.	2014E Prev.	2014A Curr.	Chg. Abs.	2015E Prev.	2015A Curr.	Chg. Abs.
Sales	1876.5	1876.5	0.0	1914.1	1730.5	-183.6	1952.3	1765.1	-187.2
Incr. YoY	-2.7%	-2.7%		2.0%	-7.8%		2.0%	2.0%	
EBITDAR	389.4	384.5	-4.9	398.5	357.7	-40.8	409.5	370.8	-38.7
Incr. YoY	-1.0%	-2.3%		2.3%	-7.0%		2.8%	3.7%	
Margin	20.8%	20.5%		20.8%	20.7%		21.0%	21.0%	20.7%
EBITDA	231.3	226.4	-4.9	237.7	210.0	-27.7	245.5	219.1	-26.4
Incr. YoY	-3.5%	-5.6%		2.8%	-7.2%		3.3%	4.3%	
Margin	12.3%	12.1%		12.4%	12.1%		12.6%	12.4%	
Net Income	40.3	38.0	-2.3	40.6	34.0	-6.6	47.0	43.1	-3.9
%chg	n.m	n.m		0.7%	-10.6%		15.8%	26.8%	
NFP	-755.4	-594.1	161.3	-733.6	-579.1	154.5	-710.4	-561.0	149.4
Abs. Chg YoY	13.7	175.0		21.8	15.0		23.2	18.1	

Source: Equita SIM Estimates

GÉNÉRALE DE SANTÉ: MAIN FIGURES (€ MN)								
P&L account (€ mn.)	2012	%	2013E	%	2014E	%	2015E	%
<b>Revenues</b>	<b>1,928.6</b>		<b>1,876.5</b>		<b>1,730.5</b>		<b>1,765.1</b>	
Change%*	-1.4%	<b>2.5%</b>	-2.7%	<b>1.0%</b>	-7.8%	<b>2.0%</b>	2.0%	<b>2.0%</b>
Labour cost	-873.5	-45.3%	-845.1	-45.0%	-779.8	-45.1%	-791.5	-44.8%
Purchases of consumables	-362.0	-18.8%	-350.0	-18.7%	-317.5	-18.4%	-324.8	-18.4%
Taxes and duties	-85.1	-4.4%	-83.5	-4.5%	-77.9	-4.5%	-77.7	-4.4%
Other op. income and expenses	-214.5	-11.1%	-213.4	-11.4%	-197.6	-11.4%	-200.3	-11.3%
<b>EBITDAR</b>	<b>393.5</b>	<b>20.4%</b>	<b>384.5</b>	<b>20.5%</b>	<b>357.7</b>	<b>20.7%</b>	<b>370.8</b>	<b>21.0%</b>
Change%	-1.2%		-2.3%		-7.0%		3.7%	
Rental expenses	-153.8	-8.0%	-158.1	-8.4%	-147.7	-8.5%	-151.7	-8.6%
Change%	3.1%		2.8%		-6.6%		2.7%	
<b>EBITDA</b>	<b>239.7</b>	<b>12.4%</b>	<b>226.4</b>	<b>12.1%</b>	<b>210.0</b>	<b>12.1%</b>	<b>219.1</b>	<b>12.4%</b>
Change%	-3.7%	<b>-0.9%</b>	-5.6%	205	-7.2%	2.2%	4.3%	
Depreciation and amortization	-124.5	-6.5%	-119.0	-6.3%	-113.0	-6.5%	-107.0	-6.1%
Others	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
<b>EBIT recurring</b>	<b>115.2</b>	<b>6.0%</b>	<b>107.4</b>	<b>5.7%</b>	<b>97.0</b>	<b>5.6%</b>	<b>112.1</b>	<b>6.4%</b>
Change%	-8.1%		-6.8%		-9.7%		15.6%	
Others income and expenses	19.1	1.0%	-0.5	0.0%	0.0	0.0%	0.0	0.0%
<b>EBIT</b>	<b>134.3</b>	<b>7.0%</b>	<b>106.9</b>	<b>5.7%</b>	<b>97.0</b>	<b>5.6%</b>	<b>112.1</b>	<b>6.4%</b>
Change%	167.0%		-20.4%		-9.3%		15.6%	
Financial charges	-32.8	-1.7%	-30.0	-1.6%	-28.2	-1.6%	-27.3	-1.5%
Other financial expenses	-5.9	-0.3%	-4.0	-0.2%	-3.0	-0.2%	-3.0	-0.2%
Associates	0.2	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
<b>Pre tax profit</b>	<b>95.8</b>	<b>5.0%</b>	<b>72.9</b>	<b>3.9%</b>	<b>65.8</b>	<b>3.8%</b>	<b>81.8</b>	<b>4.6%</b>
Change%	n.m.		-23.9%		-9.7%		24.3%	
Taxes	-36.5	-1.9%	-31.3	-1.7%	-28.3	-1.6%	-35.2	-2.0%
Minorities	-3.6	-0.2%	-3.5	-0.2%	-3.5	-0.2%	-3.5	-0.2%
<b>Net Profit</b>	<b>55.7</b>	<b>2.9%</b>	<b>38.0</b>	<b>2.0%</b>	<b>34.0</b>	<b>2.0%</b>	<b>43.1</b>	<b>2.4%</b>
Change%	n.m.		-31.7%		-10.6%		26.8%	
<b>Adjusted Net Profit</b>	<b>36.6</b>	<b>1.9%</b>	<b>38.3</b>	<b>2.0%</b>	<b>34.0</b>	<b>2.0%</b>	<b>43.1</b>	<b>2.4%</b>
Change%	-21.5%		4.7%		-11.3%		26.8%	
<b>Cash-flow</b>	<b>180.2</b>	<b>9.3%</b>	<b>157.0</b>	<b>8.4%</b>	<b>147.0</b>	<b>8.5%</b>	<b>150.1</b>	<b>8.5%</b>
Change%	89.7%		-12.9%		-6.4%		2.1%	
<b>Adjusted Cash-Flow</b>	<b>161.1</b>	<b>8.4%</b>	<b>157.3</b>	<b>8.4%</b>	<b>147.0</b>	<b>8.5%</b>	<b>150.1</b>	<b>8.5%</b>
Change%	-5.3%		-2.3%		-6.6%		2.1%	
<b>NFP</b>	<b>-769.1</b>		<b>-594.1</b>		<b>-579.1</b>		<b>-561.0</b>	

\* In red, YoY organic growth

Source: Equita SIM estimates and company data

### ■ Valuation confirmed at €15.4 PS

Valuation basically confirmed: €155mn pro-quota DEA or € 15.4ps, with a DCF valuation of € 14.3ps and on € 16.5ps multiples (EVEBITDA 2014E target multiple of 7x vs. ~10x nursing sector average).

The estimates cut (ex. disposal of psychiatric unit) was offset by 1) WACC decrease (i.e risk-free and cost of debt) and 2) Lower Capex expenditure (i.e from €95 mn to €85 mn in 2014-2015).

The value of the pro-quota for DEA rose to €155mn (from €153mn) thanks to the lower debt in Santé (€157 mn vs €159 mn pro quotaDEA).

#### HEALTHCARE SERVICES SECTOR ANALYSIS

Company	Country	Mkt Cap (€ mn)	EV / EBITDA		P/E Adj		EBITDA Margin		ND / EBITDA	Sales CAGR	EBITDA CAGR
			2014	2015	2014	2015	2014	2015		2014	2013-2015
Core Hospitals											
RHOEN-KLINIKUM	Germany	3,030	13.7x	12.3x	24.0x	20.3x	11.6%	12.4%	3.4x	-7.3%	0.0%
RAMSAY HEALTH	Australia	5,673	13.5x	12.0x	26.8x	23.3x	15.2%	15.5%	1.5x	11.6%	13.4%
NETCARE LTD	South Africa	2,118	8.7x	7.9x	13.5x	11.9x	14.6%	15.2%	0.8x	8.0%	9.0%
MEDICLINIC INT	South Africa	3,770	12.9x	11.8x	19.3x	16.8x	21.6%	21.8%	3.7x	13.1%	14.1%
BUMRUNGRAD HOSPI	Thailand	1,377	14.0x	12.2x	23.7x	20.5x	27.0%	27.2%	-0.2x	12.4%	13.8%
IHH HEALTHCARE B	Malaysia	6,356	16.8x	14.6x	34.5x	28.2x	22.6%	22.5%	0.3x	15.0%	16.6%
APOLLO HOSPITALS	India	1,529	19.3x	15.9x	36.4x	29.9x	16.0%	16.2%	1.3x	18.4%	16.7%
Average			14.1x	12.4x	25.4x	21.6x	18.4%	18.7%	1.5x	10.2%	11.9%
Median			13.7x	12.2x	24.0x	20.5x	16.0%	16.2%	1.3x	12.4%	13.8%
US Core Hospitals											
COMMUNITY HEALTH	US	3,369	5.2x	4.7x	11.4x	9.3x	14.4%	14.5%	3.3x	24.5%	26.1%
HEALTH MGMT AS-A	US	2,602	7.9x	7.5x	22.4x	17.8x	14.4%	14.6%	3.9x	3.6%	7.8%
LIFEPOINT HOSPIT	US	1,814	7.2x	6.7x	16.6x	14.7x	14.8%	15.0%	2.9x	6.9%	7.9%
UNIVERSAL HLTH-B	US	5,720	8.1x	7.5x	15.1x	13.6x	17.1%	17.7%	2.2x	5.8%	7.3%
HCA HOLDINGS INC	US	16,042	7.3x	6.8x	12.8x	11.1x	18.9%	19.2%	3.9x	5.0%	5.1%
TENET HEALTHCARE	US	3,299	7.4x	6.7x	17.1x	12.2x	12.2%	12.7%	5.0x	23.0%	27.0%
Average			7.2x	6.7x	15.9x	13.1x	15.3%	15.6%	3.5x	11.5%	13.6%
Median			7.3x	6.8x	15.8x	12.9x	14.6%	14.8%	3.6x	6.3%	7.9%
Nursing Home											
KORIAN	France	819	7.8x	7.3x	14.2x	12.3x	13.4%	13.7%	3.4x	5.7%	7.9%
ORPEA	France	2,272	12.0x	11.0x	16.9x	15.1x	19.1%	19.5%	5.1x	7.4%	9.3%
MEDICA SA	France	1,008	9.8x	9.2x	15.1x	13.7x	15.9%	16.0%	3.7x	15.8%	13.8%
LE NOBLE AGE	France	125	9.5x	8.1x	13.1x	10.4x	9.4%	10.6%	5.7x	6.8%	16.9%
Average			9.8x	8.9x	14.9x	12.9x	14.5%	15.0%	4.5x	8.9%	12.0%
Median			9.7x	8.6x	14.7x	13.0x	14.7%	14.9%	4.4x	7.1%	11.6%
GDS			6.3x	6.0x	21.9x	17.3x	12.1%	12.4%	2.8x	-3.0%	-1.7%

Source: Bloomberg and Equita SIM

### ■ Remarkably 1-Year performance: ~+30%

The GDS stock has enjoyed a remarkably good performance YTD (please see the chart below);

In our view, this has been the result of:

- Expectations of psychiatric division sale;
- The expiry of Santè shareholders agreement, triggering the speculative appeal of the asset.

#### GDS: STOCK PRICE PERFORMANCE



Source: Bloomberg data

### Migros (Turkish mass-market retailing – 20% of our NAV): supportive 3Q results but the political turmoil is likely to post-pone the disposal

3Q13 was sound and outperformed expectations at operating level, but forex penalised both bottom line and debt.

3Q showed the following dynamics:

- A solid underlying top-line trend (+9.6% in 3Q): the company is continuing to gain mkt share and to open new supermarkets (30 in 3Q reaching 995 stores and with 142 new stores in 9M13 vs 120-150 guidance FY13);
- Flat margins YoY (EBITDA margin at 6.8%) despite some costs for new openings, but in strong acceleration QoQ (~100bps).
- Bottom-line negatively impacted by TL depreciation vs Euro (TL-200mn of FX losses).

FY13 guidance was confirmed: double digit top-line growth (consensus +10.6%), EBITDA margin between 6%-6.5% (consensus 6.1%).

## MIGROS TURK: MAIN FIGURES (YTL, mn)

P&L account (TRY mn.)	2012	%	2013E	%	2014E	%	2015E	%
<b>Revenues</b>	<b>6,482</b>		<b>7,131</b>		<b>7,879</b>		<b>8,707</b>	
Change %	12.7%		10.0%		10.5%		10.5%	10%
Cost of sales	-4,777.1	-73.7%	-5,276.7	-74.0%	-5,822.8	-73.9%	-6,416.8	-73.7%
<b>Gross Profit</b>	<b>1,705.3</b>	<b>26.3%</b>	<b>1,854.0</b>	<b>26.0%</b>	<b>2,056.5</b>	<b>26.1%</b>	<b>2,289.9</b>	<b>26.3%</b>
Change %	14.1%		8.7%		10.9%		11.3%	
Operating expense	-1,275	-19.7%	-1,405	-19.7%	-1,568	-19.9%	-1,750	-20.1%
<b>EBITDA</b>	<b>430.0</b>	<b>6.4%</b>	<b>449.2</b>	<b>6.3%</b>	<b>488.5</b>	<b>6.2%</b>	<b>539.8</b>	<b>6.2%</b>
Change %	11.4%		4.5%		8.7%		10.5%	
Depreciation and amortization	-131.1	-2.0%	-140.0	-2.0%	-157.0	-2.0%	-165.0	-1.9%
Others	-50.9	-0.8%	-40.0	-0.6%	-23.6	-0.3%	-26.1	-0.3%
<b>EBIT</b>	<b>247.9</b>	<b>3.8%</b>	<b>269.2</b>	<b>3.8%</b>	<b>307.9</b>	<b>3.9%</b>	<b>348.7</b>	<b>4.0%</b>
Change %	6.7%		8.6%		14.4%		13.3%	
Net financial income	-96.0	-1.5%	-120.0	-1.7%	-120.0	-1.5%	-110.0	-1.3%
Due date difference on sale (purchase)	-74.1	-1.2%	-60.0	-0.8%	-70.0	-0.9%	-60.0	-0.7%
FX	78.6	1.2%	-495.4	-6.9%	-36.6	-0.5%	0.0	0.0%
Net other income/expense	-27.6	-0.4%	-4.3	-0.1%	0.0	0.0%	0.0	0.0%
<b>Pre tax profit</b>	<b>128.9</b>	<b>2.0%</b>	<b>-410.4</b>	<b>-5.8%</b>	<b>81.3</b>	<b>1.0%</b>	<b>178.7</b>	<b>2.1%</b>
Change %	-140.8%		-418.4%		-119.8%		119.8%	
Taxes	-40.8	-0.6%	-27.2	-0.4%	-35.4	-0.4%	-53.6	-0.6%
<b>Profit on continuing operations</b>	<b>88.1</b>		<b>-437.6</b>		<b>45.9</b>		<b>125.1</b>	
Change %	-123.9%		-596.5%		-110.5%		172.3%	
Profit/(loss) on disc. operations	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Minorities	-0.1	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
<b>Net Profit</b>	<b>88.1</b>	<b>1.4%</b>	<b>-437.6</b>	<b>-6.1%</b>	<b>45.9</b>	<b>0.6%</b>	<b>125.1</b>	<b>1.4%</b>
Change %	-153.9%		-596.9%		-110.5%		172.3%	
<b>Cash-flow</b>	<b>270.1</b>	<b>4.2%</b>	<b>57.8</b>	<b>0.8%</b>	<b>82.5</b>	<b>1.0%</b>	<b>125.1</b>	<b>1.4%</b>
Change %	-2900.0%		512.2%		42.9%		51.6%	
<b>NFP</b>	<b>-1,447.0</b>		<b>-1,808.1</b>		<b>-1,749.2</b>		<b>-1,624.3</b>	

### ■ Stock performance was impacted by turmoil in Turkey as well as weakness of the Turkish Lira

The Turkish stock market was one of the worst performers in 2013 (-12%) among emerging markets because of:

- Social unrest at end-May;
- Sustained high current account deficit;
- Poor Financing quality dominated by portfolio investments.

This situation deteriorated further in mid-December (between Dec 16/19) due to:

- The beginning of a series of enquiries for corruption and bribes involving some members of Erdogan's Government;
- FED's decision to start slowing down its expansionary monetary policy that has indirectly supported emerging markets.

We believe that Migros' underperformance vs the main index, despite its sound operating performance, was the result of its strong exposure to the EUR/TRY exchange rate arising from its euro-denominated debt (some € 1 bn – end 2012).

PERFORMANCE						
	FY12	1Q	2Q	3Q	Dec-16	Today
Migros	21.5	22.7	19.8	17.0	17.5	14.2
QoQ %		5.3%	-12.8%	-14.2%	3.2%	-19.1%
ISE National 100 Index	78208	85899	76295	74772	74843	61675
QoQ %		9.8%	-11.2%	-2.0%	0.1%	-17.6%
EUR-TRY exchange rate	2.4	2.3	2.5	2.7	2.8	3.1
QoQ %		-1.4%	8.1%	9.5%	1.4%	10.3%

Source: Bloomberg



## PERFORMANCE (FY2012-TODAY)



Source: Bloomberg data

## ■ M&amp;A deal in the short-term is now unlikely

We believe Migros to be a still appealing M&A target since:

- Migros is a leader in an interesting and growing underlying market with a positioning (“medium to high end”, not in the “discounters” segment) that is difficult to replicate;
- The Consolidation in the Food Retailing industry is still an on-going process;
- The company is trading at 2014-2015E EV/EBITDA = 9-8x with a 2013-2015 EBITDA Cagr = 10% at a discount vs the main Food Retailers in emerging markets (9.5x-8.5x) and its main competitor BIM (16-14x with EBITDA Cagr = 18%);
- Even after the sharp devaluation of TRY, the financial structure is not particularly stretched (2014 NFP/EBITDA ~3.5x) also considering: 1) Its stable profitability, 2) The presence of negative NWC and 3) No indebtedness at holding level (Kenan Investments).

We remember that a 10% devaluation of TRY vs EUR has an impact on NFP of Migros of circa TRY 270 mn.

However, we still maintain that Kenan Investments' (in which Dea Capital holds a 17% stake) disposal of Migros is unlikely in the short term, since:

- The current tough political / macroeconomic scenario in Turkey is likely to last at least until local elections in March/Presidential elections in August;
- We estimate that, at current market prices, Kenan Investments is generating an IRR (Eur-based) that is not fully satisfying and below 10%.

## EMERGING MARKETS FOOD RETAILERS ANALYSIS

Company	Country	Mkt Cap (€ mn)	EV / Sales		EV / EBITDA		P/E Adj		EBITDA Margin		ND / EBITDA	Sales CAGR	EBITDA CAGR
			2014	2015	2014	2015	2014	2015	2014	2015	2014	2013-2015	2013-2015
EUROCASH	Poland	1,433	0.4	0.3	11.7	10.3	18.9	16.5	3.1%	3.1%	0.5	7.0%	11.6%
WUMART STORES	China	1,182	0.5	0.4	7.3	5.9	18.2	15.3	7.4%	7.1%	-1.3	17.4%	14.2%
WOOLWORTHS LTD	Australia	27,782	0.8	0.7	9.6	9.0	17.1	16.1	7.9%	8.0%	0.8	4.7%	6.4%
LOTTE SHOPPING	South Korea	7,867	0.4	0.3	4.1	3.4	10.0	8.9	8.9%	9.1%	-0.1	7.6%	11.0%
SHOPRITE HLDGS	South Africa	5,388	0.8	0.7	10.3	8.8	18.7	16.0	7.3%	7.5%	-0.3	12.3%	15.9%
WALMART DE MEX-V	Mexico	31,057	1.1	1.0	11.4	10.0	20.8	18.2	10.0%	10.2%	-0.5	9.8%	11.8%
SORIANA-B	Mexico	3,803	0.6	0.5	8.3	7.4	16.7	14.6	7.2%	7.4%	-0.2	6.5%	8.7%
LOJAS AMERIC-PRF	Brazil	4,103	1.2	1.1	8.8	7.4	24.0	19.0	13.5%	14.4%	1.9	15.4%	20.6%
BIM BIRLESIK MAG	Turkey	3,937	0.8	0.7	16.3	13.8	25.2	21.7	5.0%	5.0%	-0.8	17.6%	17.5%
X 5 RETAIL-GDR	Russia	3,360	0.5	0.4	6.6	5.7	15.3	11.3	7.1%	7.2%	3.1	11.8%	12.6%
JERONIMO MARTINS	Portugal	7,935	0.6	0.6	9.6	8.3	17.7	15.2	6.7%	6.8%	0.3	11.8%	13.1%
<b>Average</b>			<b>0.7</b>	<b>0.6</b>	<b>9.5</b>	<b>8.2</b>	<b>18.4</b>	<b>15.7</b>	<b>7.7%</b>	<b>7.8%</b>	<b>0.3</b>	<b>11.1%</b>	<b>13.1%</b>
<b>Median</b>			<b>0.6</b>	<b>0.6</b>	<b>9.6</b>	<b>8.3</b>	<b>18.2</b>	<b>16.0</b>	<b>7.3%</b>	<b>7.4%</b>	<b>-0.1</b>	<b>11.8%</b>	<b>12.6%</b>
Min			0.4	0.3	4.1	3.4	10.0	8.9	3.1%	3.1%	-1.3	4.7%	6.4%
Max			1.2	1.1	16.3	13.8	25.2	21.7	13.5%	14.4%	3.1	17.6%	20.6%
<b>Migros (Consensus)</b>		<b>842</b>	<b>0.5</b>	<b>0.4</b>	<b>8.3x</b>	<b>7.3x</b>	<b>19.6x</b>	<b>18.2x</b>	<b>6.1%</b>	<b>6.0%</b>	<b>3.0x</b>	<b>11.4%</b>	<b>10.7%</b>
<b>Migros (Equita)</b>		<b>842</b>	<b>0.5</b>	<b>0.5</b>	<b>8.7x</b>	<b>7.6x</b>	<b>30.5x</b>	<b>20.1x</b>	<b>6.2%</b>	<b>6.2%</b>	<b>3.6x</b>	<b>10.5%</b>	<b>9.6%</b>

Source: Bloomberg and Equita SIM

## ■ Sensitivity to Migros stock price and Turkish Lira

The two tables below show the impact on DEA's NAV of the appreciation / depreciation of Migros' market price and of TRY vs EUR.

## SENSITIVITY AT TRL/EUR

TRY/EUR devaluation	TRY/EUR	Migros Price	Migros Stake (€, mn)	New NAV	Upside / Downside
-40%	4.3	TRL 14.2	80.3	1.8	-6.2%
-30%	4.0	TRL 14.2	86.4	1.8	-5.0%
-15%	3.5	TRL 14.2	97.7	1.8	-2.8%
<b>0%</b>	<b>3.1</b>	<b>TRL 14.2</b>	<b>112.4</b>	<b>1.9</b>	<b>0.0%</b>
15%	2.6	TRL 14.2	132.2	2.0	3.8%
30%	2.2	TRL 14.2	160.5	2.1	9.2%
40%	1.8	TRL 14.2	187.3	2.2	14.4%

Source: Equita SIM Estimates

## SENSITIVITY AT MIGROS PRICE

TRY/EUR devaluation	TRY/EUR	Migros Price	Migros Stake (€, mn)	New NAV	Upside / Downside
-40%	3.1	TRL 8.5	67.4	1.7	-8.6%
-30%	3.1	TRL 9.9	78.7	1.8	-6.5%
-15%	3.1	TRL 12.0	95.5	1.8	-3.2%
<b>0%</b>	<b>3.1</b>	<b>TRL 14.2</b>	<b>112.4</b>	<b>1.9</b>	<b>0.0%</b>
15%	3.1	TRL 16.3	129.2	2.0	3.2%
30%	3.1	TRL 18.4	146.1	2.0	6.5%
40%	3.1	TRL 19.8	157.3	2.1	8.6%

Source: Equita SIM Estimates

■ **Idea Fimit (Real Estate Asset Management – 27% of our NAV): Resilient 3Q13 results. Cut in 2013-2014 estimates and valuation**

IDeA Fimit reported solid and in line with estimates 3Q results:

- Net Commissions at €16.5 mn bang in line with expectations;
- Adj. Net Income at €4.4 mn vs. €3.8mn expected for lower costs and tax rate;
- AUM 9.5bn vs 9.8bn expected.

IDEA-FIMIT: 3Q13 RESULTS			
	3Q12	3Q13 Exp.	3Q13 Act.
Net commission	16.7	16.5	16.5
%change		-1.2%	-1.2%
Net Income	2.7	3.8	4.4
%change		41.2%	63.0%
Total AUM (€ mn)	9,813	9,886	9,500
%change		0.7%	-3.2%

Source: EQUITA SIM estimates and company data

Cut in 2013-2014 estimates and valuation

As to 2013-2014 estimates, we trim revenues and Net Income Adj. estimates in order to factor in a more cautious development in AUM. In details:

- 2013E: AUM at some €9.2 bn, deteriorating vs 9M13 (€9.5 bn) mainly due to the disposal of some €0.3 bn in real estate assets and €0.1 bn of write-downs;
- 2014E: flattish AUM (to some €9.3 bn) mainly incorporating both the entrance of the AMA fund (AUM = circa €250 mn) and the disposals of some assets. Our estimates do not factor in – as a precaution – the Santa Giulia project (expected during 1H14, AUM circa € 700 mn).

We claim that the visibility on AUM resiliency has increased following the Bank of Italy's recent decision to extend the duration of RE funds.

Bankitalia understood that the funds are struggling to liquidate the assets in their portfolio given the current difficult market situation and it has therefore authorised Idea Fimit to extend the duration of the Atlantic 1 fund for three years (from 31/12/2013 to 31/12/2016).

This is a positive decision, because it can be assumed that it will also apply to other expiring retail funds of Idea Fimit (i.e Atlantic 2, Delta) and of the market.

IDEA FIMIT AUM BREAKDOWN (Sept-13)		
Funds	AUM (€, mn)	Maturity
<b>Listed Funds</b>	<b>2108</b>	
Atlantic 1	648	31-dic-16
Atlantic 2, Berenice	452	31-dic-15
Alpha	457	27-giu-30
Beta	210	18-feb-15
Delta	341	31-dic-14
<b>Reserved Funds</b>	<b>7413</b>	
<b>Idea Fimit</b>	<b>9521</b>	

Source: Company data

CHANGE IN ESTIMATES (2013-2014)						
	2013E Prev.	2013A Curr.	Chg. Abs.	2014E Prev.	2014A Curr.	Chg. Abs.
Net Commissions	65.4	65.3	-0.1	66.5	63.9	-2.6
Incr. YoY	0.0%	-0.1%		1.7%	-2.1%	
EBIT Adj.	33.4	33.7	0.3	34.5	32.1	-2.4
Incr. YoY	-1.5%	-0.6%		3.3%	-4.6%	
Net Income	15.1	14.1	-1.0	15.8	15.5	-0.3
Incr. YoY	-22.2%	-27.3%		4.6%	9.7%	
Net Income Adj.	21.3	21.0	-0.3	22.0	20.9	-1.1
Incr. YoY	-1.6%	-3.1%		3.3%	-0.5%	
Total AUM (€ mn)	9975	9222	-753	10475	9314	-1161
Incr. YoY	6.0%	-2.0%		5.0%	1.0%	

Source: Equita SIM Estimates

Looking ahead, medium term strategic initiatives comprises both domestic market initiatives (i.e Product innovation, acquisition of smaller players) and European projects (i.e offering Italian funds to foreign investors and creating a presence abroad as well).



Source: Company presentation

To evaluate the stake in Idea Fimit in our NAV we apply a P/E multiple = 11x to 2013-15E adj. profits, resulting in a € 232mn evaluation (from € 250mn previously expected).

IDEA FIMIT RESULTING VALUATION				
	2013	2014	2015	AVG
Value	231	229	237	232
P/E Adj.	11	11	11	
<b>Avg. Equity Value (€ mn) 100%</b>				<b>232</b>
Implied P/AUM				2.5%
<b>DEA stake</b>				64%
<b>Avg. Equity Value (€ mn) 64%</b>				<b>149</b>

Source: EQUITA SIM estimates

IDEA-FIMIT: MAIN FIGURES					
	2011PF	2012	2013E	2014E	2015E
Management fees	58.2	65.4	65.3	63.9	64.9
Variable fees and others	0.0	0.0	0.0	0.0	0.0
<b>Net commission</b>	<b>58.2</b>	<b>65.4</b>	<b>65.3</b>	<b>63.9</b>	<b>64.9</b>
%change	1%	12%	-0.1%	-2.1%	1.5%
Operating costs	-32.1	-31.5	-31.6	-31.8	-32.0
Merger costs	-3.4	0.0	0.0	0.0	0.0
PPA amortization	-2.9	-11.6	-10.8	-8.5	-4.0
<b>EBIT</b>	<b>19.8</b>	<b>22.3</b>	<b>22.9</b>	<b>23.6</b>	<b>28.9</b>
margin%	34%	34%	35%	37%	45%
<b>EBIT adj.</b>	<b>26.1</b>	<b>33.9</b>	<b>33.7</b>	<b>32.1</b>	<b>32.9</b>
margin%	45%	52%	52%	50%	51%
Interest charges	1.8	1.0	-0.7	0.7	1.0
Others and extraord.	0.0	0.0	0.0	0.0	0.0
<b>Pre tax</b>	<b>21.6</b>	<b>23.3</b>	<b>22.2</b>	<b>24.3</b>	<b>29.9</b>
taxes	-7.7	-3.9	-8.1	-8.9	-10.9
tax rate	36%	17%	37%	37%	37%
<b>Net Income</b>	<b>13.9</b>	<b>19.4</b>	<b>14.1</b>	<b>15.5</b>	<b>19.0</b>
%change	-26%	40%	-27%	10%	23%
<b>Adj. Net Income</b>	<b>18.0</b>	<b>21.6</b>	<b>21.0</b>	<b>20.9</b>	<b>21.5</b>
%change	-4%	21%	-3%	0%	3%
<b>Total AUM (€ mn)</b>	<b>9,476</b>	<b>9,410</b>	<b>9,222</b>	<b>9,314</b>	<b>9,780</b>
%change	15%	-1%	-2.0%	1.0%	5.0%
<b>P/E</b>	<b>13.0</b>	<b>10.8</b>	<b>11.1</b>	<b>11.2</b>	<b>10.8</b>
<b>P/AUM</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.4%</b>

Source: EQUITA SIM estimates and company data

#### ■ **IDeA Capital Funds Sgr (Alternative Asset Management - 8% of our NAV): Resilient operations**

**IDeA Capital Funds** reported 3Q13 results above expectations (Net income at € 1.2mn vs € 0.9mn exp.) thanks to lower costs.

AUM was broadly in line with last year at € 1.28bn (€1.23 mn FY12).

The annualized management fee amounts to 94bps (in line with our expectations).

The table below shows AUM value for IDeA Capital Funds as of end FY12/3M13.

IDEA CAPITAL FUNDS: AUM AND MANAGEMENT FEES (€ MN)		
	FY12**	3M13
ICF II	281	281
IDeA EESS	59	100
IDeA I FoF	681	681
IDeA OF I	217	217
<b>Total AUM</b>	<b>1238</b>	<b>1279</b>
<b>ICF II</b>	<b>2.8</b>	<b>0.7</b>
IDeA EESS	1.2	0.5
IDeA I FoF	7.1	1.2
IDeA OF I	2.3	0.6
<b>Management fees</b>	<b>13.4</b>	<b>3.0</b>
ICF II	1.0%	1.0%
IDeA EESS	2.0%	2.0%
IDeA I FoF	1.0%	0.7%
IDeA OF I	1.1%	1.1%
<b>Management fees as % of AUM</b>	<b>1.1%</b>	<b>0.9%</b>

\*\*Management fees include some €1.3mn of one-off fees.

Source: Company data

IDEA CAPITAL FUNDS SGR: DETAILS OF THE FUNDS						
	% capital called- down	Paid- in capital	% distribution	Distributions	Residual commitments funds	DEA Capital's Stake
ICF II	46%	129	7%	20	152	18.2%
IDeA EESS	21%	21	0%	0	79	15.3%
IDeA IFoF	78%	531	30%	204	150	25.4%
IDeA OF I	76.3%	166	1%	2	51	47.0%

Source: Company data

For FY14/FY15, we slightly cut estimates due to more cautions assumptions on fees: 2014 Adj. Net Income to €4.4 from €5.2.

To evaluate the stake in IDeA Capital Funds in our NAV we apply a P/E multiple = 10x to 2013-15E profits, resulting in a € 46mn evaluation (from € 51mn previously expected).

IDEA CAPITAL FUNDS SGR					
	2011	2012	2013E	2014E	2015E
Management fees	12.8	12.2	12.0	12.7	13.0
Variable fees and others	0.0	1.3	1.9	0.0	0.0
<b>Net commission</b>	<b>12.8</b>	<b>13.5</b>	<b>13.9</b>	<b>12.7</b>	<b>13.0</b>
%change	-1%	5%	3%	-9%	2%
<b>Costs</b>	<b>-5.2</b>	<b>-6.6</b>	<b>-6.5</b>	<b>-6.4</b>	<b>-6.4</b>
Extraordinary costs (restructuring costs)	0.0	0.0	0.0	0.0	0.0
<i>total costs ex extr</i>	<i>-5.2</i>	<i>-6.6</i>	<i>-6.5</i>	<i>-6.4</i>	<i>-6.4</i>
<b>EBIT</b>	<b>7.6</b>	<b>6.9</b>	<b>7.4</b>	<b>6.3</b>	<b>6.6</b>
margin%	59%	51%	53%	50%	51%
Interest charges	0.0	0.0	0.2	0.5	0.5
Others and extraord.	0.0	0.0	0.0	0.0	0.0
<b>Pre tax</b>	<b>7.6</b>	<b>6.9</b>	<b>7.6</b>	<b>6.8</b>	<b>7.0</b>
taxes	-2.7	-2.4	-2.7	-2.4	-2.5
tax rate	36%	35%	36%	35%	35%
<b>Net Income</b>	<b>4.9</b>	<b>4.5</b>	<b>4.9</b>	<b>4.4</b>	<b>4.6</b>
%change	-4%	-8%	8%	-9%	4%
<b>Adj. Net Income</b>	<b>4.9</b>	<b>4.5</b>	<b>4.9</b>	<b>4.4</b>	<b>4.6</b>
%change	-4%	-8%	8%	-9%	4%
<b>Total AUM (€ mn)</b>	<b>1,232</b>	<b>1,238</b>	<b>1,288</b>	<b>1,327</b>	<b>1,347</b>
%change	4%	0%	4.0%	3.0%	1.5%

## CONCLUSIONS

We confirm our positive view on the stock in light of the:

- **High discount on Equita NAV:** ~36% and its **exposure to defensive sectors** (healthcare and food retailing). At current prices, the market is practically pricing only the Alternative Asset Management division (avg. 2013-2015 Net Income = €16 mn) and the stakes in PE funds: this implies that the stakes in GDS and Migros are for free;
- **Potential upside in case of exit from GDS:** the exit from GDS would enable DEA to repay its debt in Santé (and to return money to shareholders) removing a significant issue weighing on its equity story;
- **Focus on alternative asset management:** Alternative AM's contribution to 2013 pre-tax result is expected to reach approx. €34mn thanks to Idea-Fimit (in which DEA holds a majority stake of 64.3%) consolidation.

## ANNEX 1: INVESTEE COMPANIES RESULTS

Here below we show the main investee companies 3Q results.

THIRD QUARTER AND 9M RESULTS											
Dea Capital Investments		3Q12	3Q13 Exp.	3Q13 Actual	Change abs	Change %	9M13 Exp.	9M13 Actual	2012	2013E	2014E
Générale de Santé	Revenues (€ mn)	427.2	420.3	417.0	-3.3	-1%	1,402	1,399	1,929	1,877	1,730
	% change		-1.6%	-2.4%			-2.7%	-2.9%		-2.7%	-7.8%
	EBITDA	28.8	32.2	31.7	-0.5	-2%	170.0	169.5	240	226	210
	% change		11.8%	10.1%			-2.6%	-2.9%		-5.6%	-7.2%
	Net Profit	14.7	-1.8	0.7	2.5	-139%	25.0	27.5	56	38	34
	% change		-112.2%	-95.2%			-41.6%	-35.7%		-31.7%	-10.6%
	NFP		-784	-803			-784	-803	-769	-594	-579
Migros	Revenues (YTL mn)	1,825.4	2,028.9	2,001	-28.1	-1%	5,340.1	5,312	6,482	7,131	7,879
	% change		11.1%	9.6%			10.5%	9.9%		10.0%	10.5%
	EBITDA	123.8	124.5	137	11.0	9%	331	342	430	449	489
	% change		0.6%	10.3%			3.5%	6.9%		4.5%	8.7%
	Net Profit	-17.4	-118.8	-181	-61.8	nm	-245	-307	88	-438	46
	% change		nm	nm			nm	nm		n.m	n.m
	NFP	-1,402.6	na	na	na	na	na	na	-1447	-1808	-1749
Asset management											
IDEA Capital Funds	AuM - € mn	1,238	1,279.0	1,279.0	0.0	0%	1,279.0	1,279.0	1,238	1,288	1,327
	% change		3.3%	3.3%			3.3%	3.3%		4.0%	3.0%
	Management fees	3.1	3.0	3.0	0.0	0%	10.8	10.8	13.5	13.9	12.7
	% change		-3.4%	-3.2%			20.0%	20.0%		3.0%	-8.8%
	Net Profit	2.3	0.9	1.2	0.3	35%	4.0	4.3	4.5	4.9	4.4
IDEA Fimit	AuM - € mn	9,813	9,886.0	9,500.0	-386.0	-4%	9,886.0	9,500.0	9,410	9,222	9,314
	% change		0.7%	-3.2%			0.7%	-3.2%		-2.0%	1.0%
	Management fees	16.7	16.5	16.5	-0.0	0%	49.1	49.1	65.4	65.3	63.9
	% change		-1.2%	-1.2%			0.2%	0.2%		-0.1%	-2.1%
	Net Profit	2.7	3.8	4.4	0.6	15%	11.1	11.7	19.4	14.1	15.5
	% change		41.2%	63.0%			-4.2%	0.9%		-27.3%	9.7%
Dea Capital	NFP Holding	-124.6	-144.1	-139.5			-144.1	-139.5	-141.6	-144.5	-136.1
	NFP Consolidated	-110.6	-133.5	-121.1			-133.5	-121.1	-123.6	-122.6	-114.3

Source: Company data and EQUITA SIM estimates

## STATEMENT OF RISK

The primary elements that **could negatively impact DEA include:**

- Significant deterioration in the main assets reference macroeconomic scenario
- Significant increase in short term interest rates
- Eventual participation to rights issue of main controlled assets just to restore
- Financial flexibility.
- Depreciation of the Turkish lira
- Deterioration of private equity and alternative AM portfolio valuation



**INFORMATION PURSUANT TO ARTICLE 69 ET SEQ. OF CONSOB (Italian securities & exchange commission) REGULATION no. 11971/1999**

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Nil				

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	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	41.3%	52.1%
HOLD	48.8%	41.7%
REDUCE	9.3%	6.3%
NOT RATED	0.6%	0.0%